

SCHOOL ADMINISTRATIVE REORGANIZATION

Summary of Public Law 2007, Chapter 240, Part XXXX

6/21/07 Revised throughout for greater accuracy and clarity. Additional clarifications noted in brackets.

State Policy Objectives

The law sets forth state policy to ensure that schools be organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner.

All school units, of whatever form and whatever size – SADs, CSDs and municipal school units, small and large – must:

- (1) Work with other units to reorganize into larger, more efficient units; or
- (2) Where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs.

Process

The Commissioner of Education or her designee will convene meetings in each Career and Technical Education region to provide information, assistance and suggested alignments of school units. The Commissioner can suggest alignment of units, but local units aren't required to follow those suggestions and will ultimately pick their own partners.

SAUs will file a "Notice of Intent" with the Commissioner by August 31, 2007 and then work to develop a reorganization plan by December 15, 2007, or, if an SAU is exempted by the Commissioner, an "alternative plan."

Reorganization Planning Committees will be formed locally and will determine the structure of the proposed new Regional School Unit (RSU). Key decisions of governance, including the size and composition of the board, and the method of voting, will be made by the Reorganization Planning Committee and are part of the reorganization plan that will be submitted first to the Department of Education and then voted on by all voters in the member communities of the proposed RSU. If the reorganization plan is approved by the voters, elections will then be held for seats on the RSU school board.

The Department of Education will provide facilitators to SAUs that request them to provide technical assistance and guidance through the process.

School Unit Size and Number

Existing school units should aim to form regional school units of at least 2,500 resident students, except where geography, demographics, population density, transportation challenges and other obstacles make 2,500 impractical. Where 2,500 is impractical, the units must aim to create units of at least 1,200 students.

Offshore islands and tribal schools are not subject to a minimum size requirement.

Legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies. The Commissioner may not refuse creation of a unit solely because it causes the number of units in the State to exceed 80.

Exceptions from Consolidation

"Doughnut hole:" SAUs exercising due diligence with respect to consolidation but experiencing rejection by all other surrounding districts to be included in consolidation will not be penalized if their plan documents efforts to consolidate and the plan includes alternative ways of meeting efficiencies.

Higher performing and highly efficient districts: School units whose reported 2005-2006 per-pupil School Administration Reorganization Law –Public Law, Chapter 240, Part XXXX

expenditures for system administrative costs are less than four percent of total per-pupil expenditures and who have at least three “higher performing” schools, as defined in the May 2007 Maine Education Policy Research Institute report “The Identification of Higher and Lower Performing Maine Schools” (see www.usm.maine.edu/cepare), are exempt from consolidation, but still required to submit a plan to meet efficiencies. The Department of Education will work with the Education and Cultural Affairs Committee to develop criteria for “efficient, high performing” SAUs in major substantive rules to be provisionally adopted by December 2007 and subject to approval by the full Legislature.

All units, whether consolidated or exempted, including island and tribal schools, must submit a plan for reducing costs.

Reorganization and Cost Reduction Plans

All plans – whether they propose consolidation or not – must show how the unit will, for FY2009 (starting July 1, 2008) reduce expenditures for system administration, transportation, special education, and facilities and maintenance in a way that does not adversely affect instructional programs. The Commissioner must provide a written statement to the SAUs that submitted plans that do not meet the statutory requirements, with the reasons for the failure of these plans and suggestions for modifications of the plan.

All reorganization plans are subject to voter approval.

An SAU whose plan is approved by the Commissioner in December 2007 must hold a referendum on the plan on or before January 15, 2008. An SAU whose plan is received or revised after December 15, 2007 and approved by the Commissioner in December, 2007 but has exercised due diligence and acted in good faith in developing a reorganization plan, must hold a referendum of the plan on June 10, 2008. The Department of Education will fund the cost of a referendum held on or before January 15, 2008. The referendum question will clearly describe the penalties that will apply if voters disapprove of the reorganization plan.

Financial Impact

General Purpose Aid for Education (GPA) will be reduced by \$36.5 million in FY2009 (beginning July 1, 2008) in four areas. The per-pupil rate for system administration will be reduced to 50 percent of the 2005-06 rates, adjusted for inflation and the per-pupil rate for facilities and maintenance will be reduced by 5 percent. The Essential Programs and Services allocations for special education and transportation will each be reduced by 5 percent.

GPA will continue to grow, and in fact will be \$43 million higher in 2008-09 than it is in 2007-08, even after the reduction in the four areas mentioned above. Therefore, most SAUs will NOT see a reduction in their overall subsidy in 2008-09.

Penalties

Units that vote against reorganization will face financial penalties, starting on July 1, 2009. Penalties for units that don't form appropriate regional units by the beginning of FY 2010 include:

1. A 50% reduction in minimum subsidy (the special education minimum);
2. A further 50% reduction in system administration funds;
3. Less favorable consideration in approval and funding for school construction; and
4. Loss of eligibility for transition adjustments.

In addition, the percentage of state subsidy for a unit that votes against reorganization will not increase to the highest level as called for in the four-year “ramp up” of state funding for education. The percentage of state General Purpose Aid for units that vote against reorganizing will be consistent with a statewide average contribution of 53.86% instead of the 55% overall state share. The net effect will be that those units that choose NOT to reorganize will be subject to an incrementally higher local contribution (mill rate) than those who do reorganize.

[Note: The final version of the legislation removed an earlier proposed penalty that made non-complying school districts ineligible for the isolated small school adjustment.]

A unit that votes against reorganization in one referendum can develop another reorganization plan and hold another

referendum. The unit can avoid penalties if it approves reorganization by referendum no later than the November 4, 2008 election and is operational as a regional unit by July 1, 2009.

Schools and School Choice

Reorganization plans won't close schools or displace teachers and students. Local schools can't be closed unless the regional board votes by a 2/3rds vote AND the municipality where the school is located votes to approve the closure. If the municipality votes not to close the school that the regional board votes to close, the municipality is responsible for only the added cost of keeping the school open, not the entire cost (same as current SAD law).

Every regional school unit must have a publicly-supported high school – either a public school or a publicly-supported private secondary school such as Thornton Academy, Erskine Academy, John Bakst Memorial High School, among others. Communities that have school choice now will, whether or not there is a contract to reflect that school choice, continue to have school choice after reorganization, even if they join a regional unit that has its own high school.

Teachers and Other SAU Employees

Teachers and other school administrative unit employees will be transferred to the new unit, and will retain their rights under collective bargaining contracts. Contracts will continue until their planned expiration dates and there will be an orderly process for continuing collective bargaining.

Governance

Regional school units will be governed by a regional school board; representation on the Board is determined by the local communities as part of the reorganization planning process. Regional boards may create local school committees and specify their powers and duties.

Budget Transparency

All school units will provide budget transparency by using a uniform budget format that clearly shows the budget and how it compares to Essential Programs and Services allocations for the RSU. A budget goes to the voters first at an RSU budget meeting at which any voter may attend and propose changes to the budget and then to a budget validation referendum – that is, the budget goes to an up-or-down ballot before all voters in the municipalities making up the Regional School Unit. In single municipality districts only, the city council or other governing body holds a public hearing or other public meeting that serves in place of the RSU budget meeting.

Elementary school budgets. A municipality within a regional school unit may raise and spend additional funds for any school serving grades kindergarten through grade 8 in that municipality.

Cost Sharing Agreements. Cost sharing agreements adopted and in effect prior to the effective date of the new reorganization law and pursuant to certain laws remain in effect unless the parties to the agreement modify or terminate the agreement.

Other Provisions

Regional collaborative agreements are encouraged under this law.

The Department of Education is required to review and critique all unfunded state mandates pertaining to school systems and report to the Legislature's Education Committee by December 15, 2008.

The Department of Education is required to report to the Legislature's Education Committee on implementation of this law and make recommendations on any proposed legislation needed, by January 31, 2008 (initial report) and January 31, 2009 (final report).

Timeline

Key dates as delineated in the reorganization law:

July 15, 2007 - Deadline for completion of regional informational meetings to be held by the Department of Education in each of the Career and Technical Education regions. The Department will present information about the requirements of the reorganization law regarding consolidation and collaboration among school administrative units.

August 31, 2007 – Deadline for each SAU to file a notice of intent to engage in planning and negotiations with other SAUs for the purpose of developing a reorganization plan to form a Regional School Unit (RSU) or a notice of intent to submit an alternative plan to the Commissioner.

December 1, 2007 – SAUs must submit their reorganization plan or alternative plan to the Commissioner.

December 15, 2007 – Commissioner will approve plans or must return any plan that does not meet the requirements with specific suggestions and written findings providing reasons why the plan did not meet the requirements. Reorganization Plans that have been submitted and approved by the Commissioner by December 15, 2007 will proceed to a municipal referendum.

January 15, 2008 – Deadline for holding a municipal referendum in each of the municipalities making up the proposed RSU. This referendum will be paid for by the Department of Education, and is for SAUs with a reorganization plan completed and approved by December 15, 2007. Referendum ballot indicates the start date proposed in the reorganization plan.

June 10, 2008 – A municipal referendum must be held on June 10, 2008 for any reorganization plan received or revised after December 15, 2007. Referendum ballot indicates the start date proposed in the reorganization plan.

July 1, 2008 – Suggested start date of new regional school units approved at referendum by January 15, 2008. An RSU board of directors becomes operational on the date set by the State Board of Education. [Corrected 6/28/07]

November 4, 2008 – In school units where voters rejected a reorganization plan at referendum, those units have until November 4, 2008 to create a new proposal for reorganization and hold a referendum vote. Units not approving a plan by this date will be subject to the penalties for non-consolidating units.

July 1, 2009 – Latest possible start date of new regional school units. An RSU board of directors becomes operational on the date set by the State Board of Education. [Corrected 6/28/07]